

FIRST REGULAR SESSION

HOUSE BILL NO. 98

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE SCHEVE.

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ANNE C. WALKER, Chief Clerk

0572L.011

AN ACT

To repeal section 163.031, RSMo 2000, relating to the foundation formula, and to enact in lieu thereof one new section relating to the same subject, with an emergency clause.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 163.031, RSMo 2000, is repealed and one new section enacted in lieu thereof, to be known as section 163.031, to read as follows:

163.031. 1. School districts which meet the requirements of section 163.021 shall be entitled to an amount computed as follows: an amount determined by multiplying the number of eligible pupils by the lesser of the district's equalized operating levy for school purposes as defined in section 163.011 or two dollars and seventy-five cents per one hundred dollars assessed valuation multiplied by the guaranteed tax base per eligible pupil times the proration factor plus an amount determined by multiplying the number of eligible pupils by the greater of zero or the district's equalized operating levy for school purposes as defined in section 163.011 minus two dollars and seventy-five cents per one hundred dollars assessed valuation multiplied by the guaranteed tax base per eligible pupil times the proration factor. For the purposes of this section, the proration factor shall be equal to the sum of the total appropriation for distribution under subsections 1 and 2 of this section; and the state total of the deductions as calculated in subsection 2 of this section which do not exceed the district entitlements as adjusted by the same proration factor; divided by the amount of the state total of district entitlements before proration as calculated pursuant to this subsection; provided that, if the proration factor so calculated is greater than one, the proration factor for line 1(b) shall be the greater of one or the proration factor for line 1(a) minus five hundredths, and provided that if the proration factor so calculated is less than one, the proration factor for line 1(a) shall be the lesser of one or the proration factor for line 1(b) plus five hundredths.

19 2. From the district entitlement for each district there shall be deducted the following
20 amounts: an amount determined by multiplying the district equalized assessed valuation by the
21 district's equalized operating levy for school purposes times the district income factor plus ninety
22 percent of any payment received the current year of protested taxes due in prior years no earlier
23 than the 1997 tax year minus the amount of any protested taxes due in the current year and for
24 which notice of protest was received during the current year; one hundred percent of the amount
25 received the previous year for school purposes from intangible taxes, fines, forfeitures and
26 escheats, payments in lieu of taxes and receipts from state assessed railroad and utility tax,
27 except that any penalty paid after July 1, 1995, by a concentrated animal feeding operation as
28 defined by the department of natural resources rule shall not be included; one hundred percent
29 of the amounts received the previous year for school purposes from federal properties pursuant
30 to sections 12.070 and 12.080, RSMo; federal impact aid received the previous year for school
31 purposes pursuant to P.L. 81-874 less fifty thousand dollars multiplied by ninety percent or the
32 maximum percentage allowed by federal regulation if that percentage is less than ninety; fifty
33 percent, or the percentage otherwise provided in section 163.087 of Proposition C revenues
34 received the previous year for school purposes from the school district trust fund pursuant to
35 section 163.087; one hundred percent of the amount received the previous year for school
36 purposes from the fair share fund pursuant to section 149.015, RSMo; and one hundred percent
37 of the amount received the previous year for school purposes from the free textbook fund,
38 pursuant to section 148.360, RSMo.

39 3. School districts which meet the requirements of section 163.021 shall receive
40 categorical add-on revenue as provided in this subsection. There shall be individual proration
41 factors for each categorical entitlement provided for in this subsection, and each proration factor
42 shall be determined by annual appropriations, but no categorical proration factor shall exceed the
43 entitlement proration factor established pursuant to subsection 1 of this section, except that the
44 vocational education entitlement proration factor established pursuant to line 16 of subsection
45 6 of this section and the educational and screening program entitlements proration factor
46 established pursuant to line 17 of subsection 6 of this section may exceed the entitlement
47 proration factor established pursuant to subsection 1 of this section. The categorical add-on for
48 the district shall be the sum of: seventy-five percent of the costs of adopting and providing a
49 violence prevention program pursuant to section 161.650, RSMo, multiplied by the proration
50 factor; seventy-five percent of the district allowable transportation costs pursuant to section
51 163.161 multiplied by the proration factor; the special education approved or allowed cost
52 entitlement for the district, provided for by section 162.975, RSMo, multiplied by the proration
53 factor; seventy-five percent of the district gifted education approved or allowable cost
54 entitlement as determined pursuant to section 162.975, RSMo, multiplied by the proration factor;

55 the free and reduced lunch eligible pupil count for the district, as defined in section 163.011,
56 multiplied by twenty percent, for a district with an operating levy in excess of two dollars and
57 seventy-five cents per one hundred dollars assessed valuation, or twenty-two percent, otherwise
58 times the guaranteed tax base per eligible pupil times two dollars and seventy-five cents per one
59 hundred dollars assessed valuation times the proration factor plus the free and reduced lunch
60 eligible pupil count for the district, as defined in section 163.011, times thirty percent times the
61 guaranteed tax base per eligible pupil times the following quantity: ((the greater of zero or the
62 district's operating levy for school purposes minus two dollars and seventy-five cents per one
63 hundred dollars assessed valuation) times one or, beginning in the fifth year following the
64 effective date of this section, the quotient of the district's fiscal instructional ratio of efficiency
65 for the prior year divided by the fiscal year 1998 statewide average fiscal instructional ratio of
66 efficiency, if the district's prior year fiscal instructional ratio of efficiency is at least five percent
67 below the fiscal year 1998 statewide average) times the proration factor, minus court-ordered
68 state desegregation aid received by the district for operating purposes; the career ladder
69 entitlement for the district, as provided for in sections 168.500 to 168.515, RSMo, multiplied by
70 the proration factor; the vocational education entitlement for the district, as provided for in
71 section 167.332, RSMo, multiplied by the proration factor and the district educational and
72 screening program entitlements as provided for in sections 178.691 to 178.699, RSMo, times the
73 proration factor.

74 4. Each district's apportionment shall be the prorated categorical add-ons plus the greater
75 of the district's prorated entitlement minus the total deductions for the district or zero.

76 5. (1) In the 1993-94 school year and all subsequent school years, pursuant to section
77 10(c) of article X of the state constitution, a school district shall adjust upward its operating levy
78 for school purposes to the extent necessary for the district to at least maintain the current
79 operating expenditures per pupil received by the district from all sources in the 1992-93 school
80 year, except that its operating levy for school purposes shall not exceed the highest tax rate in
81 effect subsequent to the 1980 tax year, or the minimum rate required by subsection 2 of section
82 163.021, whichever is less.

83 (2) The revenue per eligible pupil received by a district from the following sources: line
84 1 minus line 10, or zero if line 1 minus line 10 is less than zero, plus line 14 of subsection 6 of
85 this section, shall not be less than the revenue per eligible pupil received by a district in the
86 1992-93 school year from the foundation formula entitlement payment amount plus the amount
87 of line 14 per eligible pupil that exceeds the line 14 per pupil amount from the 1997-98 school
88 year, or the revenue per eligible pupil received by a district in the 1992-93 school year from the
89 foundation formula entitlement payment amount plus the amount of line 14(a) per eligible pupil
90 times the quotient of line 1 minus line 10, divided by the number of eligible pupils, or zero if line

91 1 minus line 10 is less than zero, divided by the revenue per eligible pupil received by the district
92 in the 1992-93 school year from the foundation formula entitlement payment amount, whichever
93 is greater. The department of elementary and secondary education shall make an addition in the
94 payment amount of line 19 of subsection 6 of this section to assure compliance with the
95 provisions contained in this section. **Beginning with the 2001-2002 school year, the eligible**
96 **pupil number used in these calculations shall exclude voluntary transfer students, and the**
97 **1997-1998 line 14 total amount and amount per pupil will be recalculated to exclude the**
98 **voluntary transfer students originally included in the calculation.**

99 (3) For any school district which meets the eligibility criteria for state aid as established
100 in section 163.021, but which under subsections 1 to 4 of this section, receives no state aid for
101 two successive school years, other than categorical add-ons, by August first following the second
102 such school year, the commissioner of education shall present a plan to the superintendent of the
103 school district for the waiver of rules and the duration of said waivers, in order to promote
104 flexibility in the operations of the district and to enhance and encourage efficiency in the delivery
105 of instructional services. The provisions of other law to the contrary notwithstanding, the plan
106 presented to the superintendent shall provide a summary waiver, with no conditions, for the pupil
107 testing requirements pursuant to section 160.257, RSMo. Further, the provisions of other law
108 to the contrary notwithstanding, the plan shall detail a means for the waiver of requirements
109 otherwise imposed on the school district related to the authority of the state board of education
110 to classify school districts pursuant to section 161.092, RSMo, and such other rules as
111 determined by the commissioner of education, except that such waivers shall not include the
112 provisions established pursuant to sections 160.514 and 160.518, RSMo.

113 (4) In the 1993-94 school year and each school year thereafter for two years, those
114 districts which are entitled to receive state aid under subsections 1 to 4 of this section, shall
115 receive state aid in an amount per eligible pupil as provided in this subsection. For the 1993-94
116 school year, the amount per eligible pupil shall be twenty-five percent of the amount of state aid
117 per eligible pupil calculated for the district for the 1993-94 school year pursuant to subsections
118 1 to 4 of this section plus seventy-five percent of the total amount of state aid received by the
119 district from all sources for the 1992-93 school year for which the district is entitled and which
120 are distributed in the 1993-94 school year pursuant to subsections 1 to 4 of this section. For the
121 1994-95 school year, the amount per eligible pupil shall be fifty percent of the amount of state
122 aid per eligible pupil calculated for the district for the 1994-95 school year pursuant to
123 subsections 1 to 4 of this section plus fifty percent of the total amount of state aid received by
124 the district from all sources for the 1992-93 school year for which the district is entitled and
125 which are distributed in the 1994-95 school year pursuant to subsections 1 to 4 of this section.
126 For the 1995-96 school year, the amount of state aid per eligible pupil shall be seventy-five

127 percent of the amount of state aid per eligible pupil calculated for the district for the 1995-96
 128 school year pursuant to subsections 1 to 4 of this section plus twenty-five percent of the total
 129 amount of state aid received by the district from all sources for the 1992-93 school year for
 130 which the district is entitled and which are distributed in the 1995-96 school year pursuant to
 131 subsections 1 to 4 of this section. Nothing in this subdivision shall be construed to limit the
 132 authority of a school district to raise its district operating levy pursuant to subdivision (1) of this
 133 subsection.

134 (5) If the total of state aid apportionments to all districts pursuant to subdivision (3) of
 135 this subsection is less than the total of state aid apportionments calculated pursuant to
 136 subsections 1 to 4 of this section, then the difference shall be deposited in the outstanding
 137 schools trust fund. If the total of state aid apportionments to all districts pursuant to subdivision
 138 (1) of this subsection is greater than the total of state aid apportionments calculated pursuant to
 139 subsections 1 to 4 of this section, then funds shall be transferred from the outstanding schools
 140 trust fund to the state school moneys fund to the extent necessary to fund the district entitlements
 141 as modified by subdivision (4) of this subsection for that school year with a district entitlement
 142 proration factor no less than one and such transfer shall be given priority over all other uses for
 143 the outstanding schools trust fund as otherwise provided by law.

144 6. State aid shall be determined as follows:

145 District Entitlement

146 1(a). Number of eligible pupils x (lesser of district's equalized operating levy for school
 147 purposes or two dollars and seventy-five cents per one hundred dollars assessed valuation) x
 148 (proration x GTB per EP)\$.....

149 1(b). Number of eligible pupils x (greater of: 0, or district's equalized operating levy for school
 150 purposes minus two dollars and seventy-five cents per one hundred dollars assessed valuation)
 151 x (proration x GTB per EP)\$.....

152 Deductions

153 2. District equalized assessed valuation x district income factor x district's equalized operating
 154 levy for school purposes plus ninety percent of any payment received the current year of
 155 protested taxes due in prior years no earlier than the 1997 tax year minus the amount of any
 156 protested taxes due in the current year and for which notice of protest was received during the
 157 current year\$.....

158 3. Intangible taxes, fines, forfeitures, escheats, payments in lieu of taxes, etc. (100% of the
 159 amount received the previous year for school purposes)\$.....

160 4. Receipts from state assessed railroad and utility tax (100% of the amount received the
 161 previous year for school purposes)\$.....

162 5. Receipts from federal properties pursuant to sections 12.070 and 12.080, RSMo (100% of

163	the amount received the previous year for school purposes)\$.....
164	6. (Federal impact aid received the previous year for school purposes pursuant to P.L. 81-874
165	less \$50,000) x 90% or the maximum percentage allowed by federal regulations if less than 90%
166\$.....
167	7. Fifty percent or the percentage otherwise provided in section 163.087 of Proposition C
168	receipts from the school district trust fund received the previous year for school purposes
169	pursuant to section 163.087\$.....
170	8. One hundred percent of the amount received the previous year for school purposes from the
171	fair share fund pursuant to section 149.015, RSMo\$.....
172	9. One hundred percent of the amount received the previous year for school purposes from the
173	free textbook fund pursuant to section 148.360, RSMo\$.....
174	10. Total deductions (sum of lines 2-9)\$.....
175	Categorical Add-ons
176	11. The amount distributed pursuant to section 163.161 x proration\$.....
177	12. Special education approved or allowed cost entitlement for the district pursuant to section
178	162.975, RSMo, x proration\$.....
179	13. Seventy-five percent of the gifted education approved or allowable cost entitlement as
180	determined pursuant to section 162.975, RSMo, x proration\$.....
181	14(a). Free and reduced lunch eligible pupil count for the district, as defined in section 163.011,
182	x .20, if operating levy in excess of \$2.75, or .22, otherwise x GTB per EP x \$2.75 per \$100 AV
183	x proration\$.....
184	14(b). Free and reduced lunch eligible pupil count for the district, as defined in section 163.011
185	x .30 x GTB x ((the greater of zero or the district's adjusted operating levy minus \$2.75 per \$100
186	AV) x (1.0 or, beginning in the fifth year following the effective date of this section, the district's
187	FIRE for the prior year/statewide average FIRE for FY 1998, if the district's prior year FIRE is
188	at least five percent below the FY 1998 statewide average FIRE) x proration) - court-ordered
189	state desegregation aid received by the district for operating purposes \$.....
190	15. Career ladder entitlement for the district as provided for in sections 168.500 to 168.515,
191	RSMo, x proration\$.....
192	16. Vocational education entitlements for the district as provided in section 167.332, RSMo,
193	x proration\$.....
194	17. Educational and screening program entitlements for the district as provided in sections
195	178.691 to 178.699, RSMo, x proration\$.....
196	18. Sum of categorical add-ons for the district (sum of lines 11-17)\$.....
197	19. District apportionment (line 18 plus the greater of line 1 minus line 10 or zero)
198\$.....

199 7. Revenue received for school purposes by each school district pursuant to this section
200 shall be placed in each of the incidental and teachers' funds based on the ratio of the property tax
201 rate in the district for that fund to the total tax rate in the district for the two funds.

202 8. In addition to the penalty for line 14 described in subsection 6 of this section,
203 beginning in school year 2004-05, any increase in a school district's funds received pursuant to
204 line 14 of subsection 6 of this section over the 1997-98 school year shall be reduced by one
205 percent for each full percentage point the percentage of the district's pupils scoring at or above
206 five percent below the statewide average level on either mathematics or reading is less than
207 sixty-five percent.

208 9. If a school district's annual audit discloses that students were inappropriately identified
209 as eligible for free or reduced-price lunch and the district does not resolve the audit finding, the
210 department of elementary and secondary education shall require that the amount of line 14 aid
211 paid on the inappropriately identified pupils be repaid by the district in the next school year and
212 shall additionally impose a penalty of one hundred percent of the line 14 aid paid on such pupils,
213 which penalty shall also be paid within the next school year. Such amounts may be repaid by
214 the district through the withholding of the amount of state aid.

 Section B. Because immediate action is necessary to create more equitable state school
2 financing, section A of this act is deemed necessary for the immediate preservation of the public
3 health, welfare, peace and safety, and is hereby declared to be an emergency act within the
4 meaning of the constitution, and section A of this act shall be in full force and effect upon its
5 passage and approval.